



746 (R)
Department of State **TELEGRAM**

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44
ACTION L-93

INFO OCT-01 EUR-25 ISO-00 AF-10 NEA-10 INT-08 SCEM-02

CIAE-00 DODE-00 PM-07 H-03 INR-10 NSAE-00 NSC-10

PA-03 NSC-01 PRS-01 SPC-03 SS-15 USIA-15 ACDA-19

IO-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 SCI-06

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R 121111Z OCT 73
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 844
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE STOCKHOLM 3618

E.O. 11652: N/A
TAGS: PFOR ENRG SW LY
SUBJECT: BP AND LIBYA OIL
DEPT FOR SCHNEBEL (L)

REF: SCHNEBEL-OLSEN LETTER SEPT 7

THE BP/LIBYA CONCESSIONAL TRIBUNAL CONSISTING OF SOLE
ARBITRATOR GUNNAR LAGERGREN MADE ITS OCT 10 DECISION
IN FAVOR OF BP. WE DO NOT HAVE TEXT OF DECISION AS YET
BUT ADVOCATE GILLIS WETTER HAS GIVEN US COPY OF BP
ANNOUNCEMENT DESCRIBING AWARD. ANNOUNCEMENT MADE PUBLIC
IN LONDON EVENING OF OCT 11. TEXT FOLLOWS:

A. "JUDGE GUNNAR LAGERGREN, THE EMINENT SWEDISH
APPEAL COURT JUDGE, APPOINTED BY THE PRESIDENT OF THE
INTERNATIONAL COURT OF JUSTICE TO ACT AS ARBITRATOR IN
THE ARBITRATION BETWEEN BP EXPLORATION (LIBYA) LIMITED
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DEPARTMENT OF STATE A/CDC/MR	
REVIEWED BY <i>af</i>	DATE <i>12/7/82</i>
RDS ☐ or XDS ☐ EXT. DATE	
TS AUTH. _____ REASON(S) _____	
ENDORSE EXISTING MARKINGS ☒	
DECLASSIFIED ☐ RELEASABLE ☒	
RELEASE DENIED ☐	
PA or FOI EXEMPTIONS _____	

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AND THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC RENDERED AN AWARD ON THE MERITS OF THE CASE ON 10TH OCTOBER 1973. B. THE ARBITRATOR FOUND THAT THE LIBYAN NATIONALISATION OF BP'S INTEREST IN CONCESSION 65 WAS A FUNDAMENTAL BREACH OF THE CONCESSION AND THAT IT CLEARLY VIOLATED INTERNATIONAL LAW. IT WAS MADE HE SAID "FOR PURELY EXTRANEIOUS POLITICAL REASONS AND WAS ARBITRARY AND DISCRIMINATORY IN CHARACTER." HE ADDED THAT "NEARLY TWO YEARS HAS NOW PASSED SINCE THE NATIONALISATION AND THE FACT THAT NO OFFER OF COMPENSATION HAS BEEN MADE INDICATES THAT THE TAKING WAS ALSO CONFISCATORY." THE ARBITRATOR ALSO FOUND THAT IN FACT THE LIBYAN ACTION HAD PUT AN END TO THE CONCESSION NOTWITHSTANDING THE ILLEGAL CHARACTER OF THAT ACTION. C. FINALLY THE ARBITRATOR HELD THAT BP IS ENTITLED TO DAMAGES ARISING FROM THE UNLAWFUL ACT OF THE LIBYAN GOVERNMENT WHICH ARE FOR ASSESSMENT IN SUBSEQUENT PROCEEDINGS BEFORE THE ARBITRATOR."

OLSEN